

Fresno, California

February 20, 2007

The City Council met in special session at the hour of 2:-00 p.m. in the Council Chamber, City Hall, on the day above written.

Present:	Brian Calhoun	Councilmember
	Mike Dages	Councilmember
	Jerry Duncan	Councilmember
	Cynthia Sterling	Councilmember
	Larry Westerlund	Councilmember
	Blong Xiong	Acting Council President (Arrived shortly thereafter)
	Henry Perea	Council President

Andy Souza, City Manager
James Sanchez, City Attorney
Becky Klisch, City Clerk
Cindy Bruer, Deputy City Clerk

President Perea led the Pledge of Allegiance.

- A. *RESOLUTION NO. 2007-57 - 59TH AMENDMENT TO AAR NO. 2006-253 APPROPRIATING \$500,000 OF CDBG FOR SMALL FARMER EMERGENCY LOAN PROGRAM (*REQUIRES 5 AFFIRMATIVE VOTES*)**
B. RESOLUTION NO. 2007-58 - AUTHORIZING THE CITY MANAGER OR DESIGNEE TO NEGOTIATE AND ENTER INTO A CONTRACT WITH VALLEY SMALL BUSINESS DEVELOPMENT CORPORATION FOR LOAN ADMINISTRATION TO IMPLEMENT THE SMALL FARMER EMERGENCY BUSINESS LOAN PROGRAM
C. APPROVE THE ATTACHED LOAN DOCUMENTS: 1. CLOSING LETTER 2. PROMISSORY NOTE 3. LOAN AGREEMENT 4. SECURITY AGREEMENT 5. UCC-1 FINANCING STATEMENT 6. DISBURSEMENT REQUEST AND AUTHORIZATION

Councilmember Duncan stated he was pleased with the process and acknowledged staff, specifically Management Analyst Smith, Budget Manager Smith and Chief Assistant City Attorney Hale for their hard work and effort in providing the sources of funding for the emergency program to assist small farmers in Fresno; stated he had met with the Secretary of Agriculture for the State of California last week regarding the City's program and spoke to the importance of the funds being distributed in a timely process; and stated he would continue to work with the State of California to provide such service so when a another freeze occurs the program will already be in place.

Acting President Xiong stated this was an incredible opportunity to help the farmers in Fresno and he was proud to have an impact on the City so early in his newly elected position, adding this was a strong foundation for small farmers.

Stanley Tom, Vice President of Small Valley Businesses Development Corporation, discussed how loan programs were used and stated when the freeze first occurred the Corporation began the process of providing financial assistance to businesses and agricultural operations who had been affected by the freeze. Mr. Tom stated they looked at the process statewide, federally and locally, and many of the applications involved a difficult and timely process, specifically what the USDA offered where the application consisted of a checklist of 16 different items that needed to be completed and that also required five years of income and expenses as well as projections and verification. Mr. Tom stated he tried to fill out the application, but did not qualify and the goal was to provide timeliness in disbursement of funds.

The Executive Director for the National Hmong Farmers, whose name was inaudible, commended Council for their support and stated this was a wonderful opportunity for the Hmong farming community to receive assistance.

Richard Mulinar, University of California, 1720 S. Maple Avenue, Fresno, stated most farmers do not have insurance, but an experimental insurance program for small farmers had been established by the USDA and reviewed the difficulty in filling out an application. He reviewed a program called NAP (Not Insurable Program) and stated with the five years information requirement and the lack of available insurance, Council should be commended for providing assistance to small farmers in the City of Fresno. A motion was made to approve the above entitled items was acted upon after extensive discussion.

Councilmember Sterling stated there were unused CDBG funds in the 2006 budget as well as some unallocated funds in the 2007 budget and questioned why those funds could not be used, with City Manager Souza explaining the funding source. Councilmember Dages commended the small farmers in southeast Fresno stating they take a small portion of land and make it productive; also commended the City Council on moving forward with the funding and stated the City would be ultimately reimbursed by the small farmers which would provide a strong economy.

Councilmember Calhoun questioned why the City was stepping into something they shouldn't; stated the City was not in a position to provide loans when there are other agencies that provide those services; expressed concern that the City should be the last resort to provide the funding and felt the USDA should be the one involved. Councilmember Calhoun noted the City was using the funds which were supposed to be used for different intentions; reviewed the similarities and differences of the proposed freeze relief loan program provided by the City and the federally established emergency farm loan program; noted the Federal government released emergency funding on January 31, 2007, and a program was currently in place; and questioned how the City loans would be secured and spoke to the issue of collateral, with City Manager Souza stating the intention of the City was for the loans to be unsecured and require no collateral. City Attorney Sanchez stated there was one aspect of security which was a UCC1 Form which would attempt to secure interest in the crop profit as a basis to repay the loan. Brief discussion ensued regarding collateral.

Councilmember Westerlund stated he just returned from Washington D.C. when the subject of providing funding for crop loss and the Federal request for a declaration of an emergency had been discussed; and stated he felt the City would not be repaid for the program and questioned who would be the administrator of the loan, with Mr. Tom responding. Mr. Tom briefly reviewed a few of the 15 different programs. Extensive questioning ensued by Councilmember Westerlund relating to Wells Fargo loans, the size of the loan fund, modifying funds and leverage of the funding.

Councilmember Westerlund questioned why the City could not provide a program where the City would be a "silent second" for the loan with Mr. Tom stating the corporation was open to new ideas. **(2-0)** Discussion ensued relating to administrative fees, the cost of the City administering the loan funds, the 16 item requirement for the FSA loan, and the length of time for the disbursement of the loan. Mr. Tom also noted the FSA would take approximately 60 days to consider a decision where the Small Valley Business Development Corporation would approve and disburse a loan within one week. Councilmember Westerlund questioned what department would be responsible for the receivables collection and City Manager Souza stated it would ultimately be the Finance Department.

Councilmember Duncan reiterated the importance of the loan program; stressed it would provide a chance for the Small Business Administration to work with people to find a better program adding the City's main goal was to provide funding for those farmers who do not qualify. Councilmember Duncan also thanked Mayor Autry for providing assistance with the loan program.

Councilmember Westerlund stated the program was a worthy cause but felt he could not support it, and added he was willing to look at a program where the City would become a "silent second" and stressed the importance of looking into other ways to support the farmers.

On motion of Councilmember Duncan, seconded by President Perea, duly carried, RESOLVED, the above entitled Resolution Nos. 2007-57 and 2007-58 hereby adopted, and the loan documents consisting of the Closing Letter, Promissory Note, Loan Agreement, Security Agreement, UCC-1 Financing Statement and Disbursement Request and Authorization hereby approved, by the following vote:

Ayes : Dages, Duncan, Sterling, Xiong, Perea
Noes : Westerlund
Absent : None
Abstain: Calhoun

ADJOURNMENT

There being no further business to bring before the City Council, the hour of 3:04 p.m. having arrived and hearing no objections, President Perea declared the special meeting adjourned.

Approved on the 27th day of February, 2007.

Henry Perea, Council President

ATTEST:_____
Cindy Bruer, Deputy City Clerk

